



The Importance of Electricity Competition for High-Tech Businesses

123.Net, Inc. – www.123.net – 24700 Northwestern Hwy. Ste. 700 Southfield, MI 48075



and it's Affiliates

1. 123.Net is a Michigan Internet, Telephone and Data Center Provider.
123.Net and its partners employ approximately 50 High-Tech employees in Michigan and another 200 contractors.
2. 123.Net owns and operates:
 - a. approximately **1,650 route miles of Fiber** throughout Michigan, offering symmetrical bandwidth speeds up to 10 gbps.
 - b. a substantial **High-Speed fixed wireless network** around Michigan (business customers only), which offers symmetrical bandwidth speeds up to 1 gbps.
 - c. **Three Hardened Data Centers in Southfield and One Hardened Data Center in Grand Rapids** enabling clients to store server equipment and critical applications with 100% uptime at very affordable rates. All sites offer redundant power (generator/UPS/battery) backup with controlled 24 x 7 access and dual fiber entrances.
 - d. Telecommunications facilities in approximately **60 Central Offices throughout Michigan.**



Provider to Michigan Businesses

123.Net provides services to many important Michigan businesses, hospitals, universities, schools and municipalities, such as **Dow Chemical, Henry Ford Hospital, the Lions, Magna, Roush Automotive, Wayne State University, MERIT, The City of Detroit, The City of Southfield, one of the largest social media companies** (you have this app on your phone) and many others.



1. Lower Rates = More High Tech Employment for Michigan

- 1. Currently 123.Net Spends Approximately \$2,500,000 per year** on electricity at its 4 data centers, wireless PoPs and Central Office collocation facilities.
- 123.Net's newest data center will use 10MW of electricity at full occupancy and will increase 123.Net's electricity expense by more than \$10,000,000 per year.
- Plainly stated, **a 35% reduction in 123.Net's yearly electricity expense will allow 123.Net to save MILLIONS of DOLLARS and HIRE more engineers, technicians, and network operations staff.**
- 4. More Savings = More High Tech Jobs for Michigan!!!**



2. Competitive Energy costs are ESSENTIAL for High-Tech MI Businesses.

Electricity is the #2 expense for data center and Internet providers like 123.Net. Data centers and other High-Tech businesses are exactly what Michigan needs to foster sustainability and diverse job growth, both in the long and short term.

123.Net competes with other Michigan providers but mainly with National companies from out of state and companies overseas.

For the Data Center business, the Internet has become the great equalizer. It is now possible to collocate your data anywhere in the world (not near your operations). As such, the competition for Data Center space has increased dramatically.

The current legislation makes it extremely difficult for providers like 123.Net to compete with Amazon, Yahoo, Equinix, Internap, IBM and many others. These providers have lower costs and can undercut Michigan providers like 123.Net!

3. The current law picks WINNERS and LOSERS.

Unequal access to competition makes some Michigan businesses more competitive against other Michigan businesses. Michigan's political leaders should not be in the position of picking winners and losers based on which businesses were lucky enough to get competitive electricity prior to imposition of the 10% cap. Increasing the cap not only would allow Michigan businesses to be able to better compete against other states, but would also allow for fair competition among businesses in Michigan and provide for the equitable treatment of multi-site businesses like 123.Net, some who were able to get their locations into the competitive market; some who did not.

4. Competition Worked in the Michigan Telecommunications Industry and Can Work with Electricity!

The Michigan Telecommunications Industry was deregulated in the mid 1990s and allowed for the creation of Competitive Local Exchange Carriers like 123.Net.

In Telecommunications, competition led to:

- 1) Lower rates for consumers,
- 2) Higher quality services, and
- 3) Greater coverage throughout Michigan.

5. The effect of lower Electricity Rates on Michigan Businesses and the Michigan Economy is Dramatic

- 1) More affordable power rates allow 123.Net to provide more affordable Internet, Telephone and Data Center services to Michigan businesses, municipalities, universities, etc. This in turn lowers the cost of doing business across the board and enables more consumers to have access to and consume higher bandwidth which fosters growth! Carriers like 123.Net are struggling to keep up with growing bandwidth and data center demand and rising electricity costs are adding to this problem.
- 2) More affordable power rates allow 123.Net to attract businesses from out of state and Overseas!
- 3) Lower electricity rates helps small local businesses like 123.Net compete against National carriers like AT&T, Level 3, Verizon, etc. and 123.Net and other local Internet Providers will continue to invest and grow in Michigan.

123 NET

Data Center Energy Rates - Southfield, MI

24245 Northwestern Hwy.

24275 Northwestern Hwy.

DTE Supplied Energy
\$.099/kwh

Competitive Energy Supplier
\$.054/kwh

DTE Supplied Energy = 81% More Expensive



Real-World Savings

As of March 2014:

24245 Northwestern Hwy.

DTE D-6 Primary Rate:

\$0.09928/KWH

24275 Northwestern Hwy. Choice Supply with DTE D-8 Distribution:

\$0.05477/KWH

SAVINGS (all facilities):

\$0.04452/KWH or 44.84%

**Roughly \$1,121,000 in 2014 and
\$5,600,000 in 2016!**